

Message Text

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PAGE 01 NASSAU 01154 222258Z

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ACTION ARA-10

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TAGS: PINT PFOR CFED BF

SUBJ: TV PROGRAM "60 MINUTES" ON THE BAHAMAS AS A TAX HAVEN

REF: (A) NASSAU 1131 (B) NASSAU 1132 (C) NASSAU 1059

1. BARRY LANDO, PRODUCER OF CBS "60 MINUTES", HAS BEEN IN NASSAU FOR SEVERAL DAYS INTERVIEWING VARIOUS SEGMENTS OF THE SOCIETY ON A BACKGROUND BASIS FOR A PROJECTED 60 MINUTE PROGRAM ON THE BAHAMAS AS A TAX HAVEN. LANDO HAS MET WITH VARIOUS EMBASSY OFFICERS (REF A) INCLUDING THE AMBASSADOR THIS MORNING.

2. FOR THE MOST PART, LANDO'S QUESTIONS WERE STRAIGHTFORWARD AND POSED NO SPECIAL PROBLEMS BEYOND THOSE WHICH ARE ALWAYS RAISED WHEN THE ISSUE OF THE BAHAMAS AS A TAX HAVEN HITS THE PRESS. HOWEVER, I NOTE A PROBE INTO ONE SPECIFIC AREA WHICH COULD GIVE US PROBLEMS NAMELY THE EXTENT TO WHICH THE IRS HAD SECRET INFORMERS IN THE BAHAMAS.

3. LANDO WAS, OF COURSE, FAMILIAR WITH THE OPERATIONS "HAVEN" AND "TRADEWINDS" DETAILS BUT BEYOND THAT ALLEGED AS HE HAD EARLIER TO OTHER EMBASSY OFFICERS (REF A) THAT HE HAD ADDITIONAL KNOWLEDGE OF SPECIFIC INFORMERS CURRENTLY REPEAT CURRENTLY ON IRS PAYROLL, REFERRING IN PARTICULAR TO "ONE LIMITED OFFICIAL USE

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PAGE 02 NASSAU 01154 222258Z

AMERICAN WOMAN" WHO STILL LIVES IN BAHAMAS. I STATED THAT

NO IRS PERSONNEL WERE PERMITTED TO VISIT THE BAHAMAS WITHOUT PRIOR EMBASSY CLEARANCE, THAT SUCH VISITS WERE VERY INFREQUENT AND THAT TO THE BEST OF MY KNOWLEDGE NO INFORMERS WERE CONTACTED OR PAID ON SUCH VISITS. LANDO, WHO EVIDENCED CONSIDERABLE KNOWLEDGE OF HIS SUBJECT MATTER, IMMEDIATELY COUNTERED BY STATING THAT HIS INFORMATION WAS THAT INFORMERS WERE IN CONTACT WITH IRS OFFICIALS IN U.S. AND PRESUMABLY WERE PAID IN U.S. I SAID I COULD NOT PROVIDE ANY INFORMATION ON THIS ASPECT OF THE SUBJECT WHICH WAS BEYOND MY KNOWLEDGE.

4. COMMENT: MY GUESS IS THAT ONE PART OF THE "60 MINUTES" STORY WILL FEATURE THE USE OF UNDERCOVER INFORMANTS QUITE PROBABLY MAINTAINING THAT SUCH INFORMANTS REMAIN ACTIVE DESPITE THE OPERATIONS "HAVEN" AND "TRADEWINDS" PUBLICITY WITH ITS ADVERSE IMPACT ON US/BAHAMAS RELATIONS. AS DEPARTMENT HAS BEEN AWARE FOR SOME TIME, I HAVE BEEN MOST CONCERNED AND UNEASY BY MY KNOWLEDGE THAT THERE IS A CONTINUED USE OF INFORMERS. AT MY MEETING OF JUNE 23 WITH ALL U.S. INVESTIGATORY AGENCIES, THE POINT WAS MADE THAT CERTAIN OF THESE AGENCIES OPERATE UNDER STATUTES WHICH EXPLICITLY PROVIDE FOR COOPERATION WITH INFORMANTS. POINT WAS FURTHER MADE THAT CONTACTS WERE NOT MADE IN THE BAHAMAS WITH SUCH INFORMANTS BUT ONLY IN U.S. RECOGNIZING VALIDITY OF THESE POINTS, THE FACT REMAINS THAT PUBLIC DISCLOSURE THAT USG CONTINUES TO RECEIVE INFORMATION FROM, AND PAYS INFORMANTS LIVING IN, THE BAHAMAS WILL BE GREETED AS FURTHER EVIDENCE THAT DESPITE ASSURANCES TO THE CONTRARY USG IS CONTINUING TO ACT IN A MANNER POSSIBLY CONTRARY TO BAHAMIAN LAW AND CLEARLY CONTRARY TO MAINTENANCE OF GOOD RELATIONS BETWEEN USG AND GCOB. IN THIS REGARD, IT IS WORTH NOTING DEGREE TO WHICH GCOB HACKLES HAVE ALREADY BEEN RAISED BY NEWSWEEK ARTICLE (SEE REFTELS B AND C). FINALLY, AS I HAVE STATED ON A NUMBER OF OCCASIONS, WE ARE DOUBLY VULNERABLE SINCE GCOB HAS OFFERED TO WORK OUT AN ARRANGEMENT WHEREBY NECESSARY INFORMATION WOULD BE MADE AVAILABLE WITHOUT THE NEED FOR A CLOAK AND DAGGER OPERATION, AN OFFER WE HAVE NOT RESPONDED TO.

4. REQUEST FOR ACTION:

A. IN THE EVENT THAT "60 MINUTES" PROGRAM (TO BE FILMED IN THREE TO FOUR WEEKS) SPECIFICALLY RAISES QUESTION OF CON-LIMITED OFFICIAL USE

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PAGE 03 NASSAU 01154 222258Z

TINUING USE OF INFORMERS, HOW ARE WE TO HANDLE THIS QUESTION?
B. ON THE SUBSTANTIVE SIDE, CAN DEPARTMENT PURSUE WITH IRS QUESTION OF WHETHER IT IS NOT POSSIBLE TO FLATLY AND FINALLY DISASSOCIATE OURSELVES FROM USE OF SUCH INFORMANTS?
C. DEPARTMENT SHOULD CONSIDER HOW WE HANDLE THE EXPECTED BLAST FROM GCOB IF THE "60 MINUTES" PROGRAM ALLEGES AND PERHAPS PRODUCES EVIDENCE THAT USG IS STILL USING INFORMANTS IN THE BAHAMAS ON TAX MATTERS.

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